THE UNIVERSITY OF
WINNIPEG

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

THE UNIVERSITY OF WINNIPEG

WINNIPEG, MANITOBA, CANADA

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for the year ended March 31, 2004

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The UNIVERSITY of WINNIPEG

Report on the Consolidated Financial Statements

Report of the Vice-President Finance & Administration

The University of Winnipeg

The University of Winnipeg's consolidated financial statements contain the financial results of the University of Winnipeg's operations and the operations of the University of Winnipeg Educational Housing Corporation. The University of Winnipeg Foundation's financial results are included by means of an extensive note within the consolidated financial statements. The University's operations include the University undergraduate and graduate credit programs, Continuing Education Division, the Collegiate, Campus Services, Academic Enterprises, sponsored research & designated funds, and trust & endowment funds.

Overview of the Fiscal Year

The fiscal year ending March 31, 2004 consolidated the University's return to financial health with a continued strengthening of its financial position. The University has experienced a successful year of operations, with record student enrolment and the commencing of major capital work on Wesley Hall. Building on the hard work and initiatives begun in earlier years, the University has in 2003 -2004 achieved an accumulated operating surplus and reports an improved unrestricted net assets position. The success of both administrative and academic areas, in managing operating budgets and keeping operating expenditures within budget, has to be acknowledged in this reporting period as it was last year.

Whilst these results underline the continuing turnaround in the University's financial results, it also has to be acknowledged that there remain significant areas within the University, in terms of infrastructure and equipment that still require attention. These are issues which the University began to tackle in 2003-2004 and will continue to tackle in the coming years. Within the financial statements a number of strategic provisions have been established by the transfer of funds from unrestricted net assets to internally restricted funds. These strategic provisions will provide future financial support for initiatives that are outlined within the University's Academic Plan and Strategic Plan.

The improvement in the University's financial situation was evidenced by a net change in unrestricted net assets of $1.8 million and an increase in internally restricted net assets of $1.5 million (Statement III) including:

a) Internally funded transfers in respect of capital asset additions and amortization;
b) Establishment of strategic provisions within internally restricted net assets; and
c) Transfer of net trust revenues in excess of expense to internally restricted net assets.

The above accomplishments were realized primarily through the University's success in retaining a significant portion of the incremental enrolment related revenues, combined with prudent management of the expenses of the University.

The Administration prepared a balanced budget for fiscal 2004-2005 that was approved by the Board of Regents in May 2004. The budget reflects the operating plan for the University in the current year. The 2004-2005 budget is designed to maintain and build on the improvement in the University's financial position achieved in 2003-2004 and provides a balance between supporting and providing for current operating needs, whilst remaining fiscally responsible as the University fosters the process of building the financial position toward long term sustainability.

The University continues to face financial challenges in 2004-2005 and beyond and must remain diligent and prudent in the management of the institution's resources. During 2002-2003 the University embarked upon a Strategic Planning process, including the development, at the core, of a comprehensive Academic Plan. The details of this planning process came to fruition during 2003-2004, with the completion of both a Strategic Plan and Academic Plan which were ultimately approved by the Board of Regents in May of 2004.

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The University resolved some of the funding issues surrounding the pension plan. Discussions were held with all pension plan stakeholder groups during 2002 -2003, with the Board of Regents approving the resolutions in March 2003. Following the approval of these resolutions by both the Board and the various stakeholder groups further, discussions have been ongoing during 2003-2004 in order to bring about a conclusion of this process. Recent developments suggest that final agreement and settlement will be concluded during 2004-2005.

During the year, at the University's request, dialogue took place with Government in order to clarify and create a level of understanding regarding some of the financial issues that the University has faced over the past few years, including the current review of pension regulations. This dialogue allowed the University to provide information to Government regarding both the University's financial situation and other relevant issues.

The University of Winnipeg Foundation was established in 2002-2003. The role of the Foundation is to assist the University in the advancement of its charitable activities, including the raising of private revenue for University and Collegiate capital projects. During the year 2003-2004 the Foundation has established its Board of Directors and set in place its organizational structure, as it develops plans for future fundraising initiatives. During 2003-2004 the Foundation has contributed $1.5 million towards major capital projects undertaken by the University.

The significant challenges, for the University, that are present in the immediate term include:

a) Resolution of the funding issues surrounding the pension plan particularly with regard to the effect of provincial pension regulations relating to pension solvency and the related financial impact on the University's financial position. This issue stems from a strong possibility of a plan deficit at the time of the next actuarial valuation, scheduled for December 31, 2004.

b) The University faces particular challenges, as do many institutions, regarding the need to successfully accommodate additional students at a time of increasing enrolments and increasing retention levels. These increases bring many challenges in terms of, for example, ensuring appropriate space and teaching staff whilst continuing to provide the highest standards of educational excellence.

The University has made excellent progress in stabilizing its financial condition during the past year. The challenge remains for the University to maintain the progress made during the past 2 years and to continue to build to a position of long-term fiscal sustainability.

Operations Summary

The University's consolidated statement of operations presents the results of the fiscal year ending March 31, 2004. During the year, the University incurred a surplus on operations of $2.90 million (based on GAAP accounting). The generation of this operating surplus enables the University to establish, for the first time, an amount within internally restricted funds for support to initiatives within the University's strategic plan.

Revenue increased to $74.8 million during the year. The baseline grant from the Council on Post Secondary Education increased by 3.2%. Student tuition fees increased to $24.2 million in the fiscal year and reflect increased student enrolment of approximately 11% in university credit programs, new programs and increased enrolment in Distance Learning programs and an increase in enrolment in English language programs at Continuing Education Division. Other revenues also increased due to an increase in student housing revenues, sponsored research revenues and departmental revenues.

During the year, operating expense increased to $71.9 million. The increase in salaries reflects the annual general salary increase, individual salary increases for eligible employees, and changes in the staff complement. Other factors that lead to an increase in total expense included an increase in supplies and services expense, building lease expense and in scholarships & awards.

Summary of Financial Position

The Consolidated Statement of Financial Position presents the University's financial position for the year ending March 31, 2004.

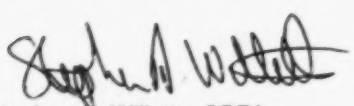
The University's financial position improved during the year as reflected in a $3.3 million increase to $3.7 million in the combined position of unrestricted net assets ($1.86 million) and internally restricted net assets ($1.83 million). This compares with a combined value of $351,000 at March 31, 2003.

The University's cash and short-term investments position improved significantly from $10.3 million in March 2003 to $12.0 million in March 2004. This reflects an increase in net operating cash of $1.7 million.

The University fully provides for the additional expense in securing an agreement with the pension plan's stakeholders and resolving a number of pension issues as detailed in Note 20 to the Consolidated Financial Statements.

The University of Winnipeg Foundation began operating in April 2003. As provided for in the enabling agreements between the University and the Foundation, the Investment for Campus Development ($14.4 million) was transferred to the Foundation to be disbursed by the Foundation to the University to fund expenditures for major capital projects including the renovation of Wesley Hall and the Aboriginal Students Centre.

The long term investments improved significantly to $19.6 million ($16.2 million – 2003), reflecting improved investment income (dividends and interest) and increased donor contributions. Improved investment markets have contributed to increasing the market value of the investments to $22.1 million at March 31, 2004, including unrealized net gains of $2.5 million.



Stephen A. Willetts, CPFA
Vice-President (Finance & Administration)
The University of Winnipeg

The UNIVERSITY of WINNIPEG

UNIVERSITY OF WINNIPEG

MANAGEMENT REPORT

The accompanying consolidated financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. These accounting principles have been applied on a basis consistent with the prior year. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data. Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to ensure the assets of the University are properly safeguarded.

The Board of Regents has reviewed and approved these consolidated financial statements.

On Behalf of Management

Stephen Willetts, CPFA
Vice-President (Finance & Administration)

B. Douglas Prophet, CA
Executive Director, Financial Services

Winnipeg, Manitoba
June 3, 2004

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Office of the Auditor General

500 - 330 Portage Avenue
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AUDITOR'S REPORT

To the Legislative Assembly of Manitoba
To the Board of Regents of The University of Winnipeg

We have audited the consolidated statement of financial position of The University of Winnipeg as at March 31, 2004 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba
June 4, 2004

Jon W. Singleton, CA•CISA
Auditor General

THE UNIVERSITY OF WINNIPEG **Statement I**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at March 31, 2004
(with comparative figures for 2003)

ASSETS

	2004 $000	2003 $000
Current Assets:		
Cash and Short Term Investments (Note 3)	$11,962	$10,312
Accounts Receivable (Note 4)	2,676	3,374
Prepaid Expenses	764	592
Inventory	852	775
	16,254	15,053
Long Term Receivables	0	50
Investment for Campus Development (Note 5)	0	14,383
Long Term Investments (Note 6)	19,635	16,214
Capital Assets (Note 7)	43,434	43,042
	$79,323	$88,742

LIABILITIES

Current Liabilities:		
Accounts Payable & Accrued Liabilities	$4,764	$ 5,798
Deferred Revenue	1,910	1,310
Deferred Contributions (Note 8)	4,600	5,326
Unfunded Staff Benefits (Note 9)	1,200	1,079
	12,474	13,513
Long Term Liabilities (Note 11)	1,412	1,542
Deferred Capital Contributions (Note 12)	32,275	45,773
Net Assets:		
Unrestricted Net Assets	1,860	59
Internally Restricted Net Assets (Note 13)	1,825	292
Endowments (Note 14)	19,244	16,889
Investment in Capital Assets	10,233	10,674
	33,162	27,914
	$79,323	$88,742

Commitments (Notes 17 & 18)
Contingencies (Note 19)

Approved by the Board of Regents

Richard Graydon
Chair, Board of Regents

Sid Rogers
Chair, Finance Committee

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG **Statement II**
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended March 31, 2004
(with comparative figures for 2003)

	2004 $000	2003 $000
REVENUE		
Government Grants:		
Council on Post Secondary Education	$35,446	$34,288
Other Province of Manitoba	1,638	1,333
Government of Canada	1,865	1,069
Student Academic Fees	24,154	21,921
Gifts, Grants & Bequests	622	455
Investment Income	1,476	1,371
Sales of Services & Products	3,940	3,619
Other Revenues	4,460	4,494
Amortization of Deferred Capital Contributions	1,170	1,238
	74,771	69,788
EXPENSE		
Salaries	41,534	40,295
Staff Benefits	4,961	5,549
Supplies, Services & Other Expenses	10,555	9,360
Cost of Sales	2,701	2,438
Building, Utility & Related Expenses	5,484	4,814
Provincial & Municipal Taxes	2,168	2,511
Scholarships & Awards	1,930	1,711
Amortization of Capital Assets	2,545	2,565
	71,878	69,243
EXCESS OF REVENUE OVER EXPENSES BEFORE EXTRAORDINARY ITEM	$2,893	$ 545
EXTRAORDINARY ITEM		
Write Off of Pension Contribution Credit (Note 20)	0	8,898
EXCESS OF REVENUE OVER EXPENSES AFTER EXTRAORDINARY ITEM	$2,893	($8,353)

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2004
(with comparative figures for 2003)

Statement III

	2004					2003
	UNRESTRICTED NET ASSETS $000	INTERNALLY RESTRICTED NET ASSETS (Note 13) $000	ENDOWMENTS (Note 14) $000	INVESTMENT IN CAPITAL ASSETS $000	TOTAL $000	TOTAL $000
BALANCE, BEGINNING OF YEAR	$59	$292	$16,889	$10,674	$27,914	$39,877
Excess (Expense) Revenue	2,893				2,893	(8,353)
Direct Increases (Decreases):						
Endowment Contributions			1,996		1,996	880
Endowed Investment Net Realized Gains (Losses)			343		343	(4,221)
Unspent Investment Earnings			66		66	69
Draw on Cumulative Unspent Invest. Earnings			(50)		(50)	(338)
Transfers:						
Internally Funded:						
Capital Asset Additions	(945)			945	0	0
Amortization of Capital Assets	1,375			(1,375)	0	0
Loss on Disposal of Capital Assets	11			(11)	0	0
Internally Restricted Net Assets – Trust	(133)	133			0	0
Internally Restricted Net Assets – Strategic Provisions (Note 13)	(1,400)	1,400			0	0
NET CHANGE FOR THE YEAR	1,801	1,533	2,355	(441)	5,248	(11,963)
BALANCE, END OF YEAR	$1,860	$1,825	$19,244	$10,233	$33,162	$27,914

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2004
(with comparative figures for 2003)

Statement IV

	2004 $000	2003 $000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Government Grants	$39,447	$36,124
Student Academic Fees	24,622	21,729
Gifts, Grants & Bequests	537	1,638
Investment Income	544	336
Sales of Services & Products	3,934	3,610
Other Revenues	4,757	4,640
Cash Paid for:		
Salaries & Benefits	(47,141)	(44,336)
Supplies, Services & Other Expenses	(10,696)	(9,390)
Cost of Sales	(2,778)	(2,503)
Building, Utility & Related Expenses	(5,641)	(4,945)
Provincial & Municipal Taxes	(2,327)	(2,551)
Scholarships & Awards	(1,930)	(1,711)
	3,328	2,641
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Purchases for Campus Development	(274)	(383)
Proceeds on Sale of Long Term Investments	0	800
Purchase of Long Term Investments	(3,117)	(1,128)
Cash Received on Sale of Capital Assets	0	168
Contributions of Assets	56	37
Contributed Assets Put in Service	(56)	(37)
Cash Purchase of Capital Asset	(2,930)	(1,457)
	(6,321)	(2,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment Income on Campus Development Fund	274	383
Retirement of Campus Development Fund	14,657	0
Transfer Campus Development Fund to UofW Foundation Inc.	(14,657)	0
Investment Income on Endowments	994	591
Long Term Debt Repayments on Mortgages	(45)	(57)
Cash Contributions Received for Endowment	1,365	618
Cash Received for Deferred Capital Contributions	2,055	759
	4,643	2,294
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,650	2,935
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,312	7,377
CASH AND CASH EQUIVALENTS, END OF YEAR	$11,962	$10,312
Cash and Cash Equivalents Consists of:		
Cash in Bank	1,872	2,135
Short Term Investments	10,090	8,177
	$11,962	$10,312

See accompanying notes to the consolidated financial statements.

THE UNIVERSITY OF WINNIPEG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

1. Authority and Purpose

The University of Winnipeg operates under the authority of the University of Winnipeg Act of the Province of Manitoba. The primary role of the University is to provide post secondary education and research in the humanities, sciences and social sciences. The University also operates the Collegiate, an independent high school and a number of other education related activities. The University is a registered charity and is exempt from the payment of income taxes.

2. Summary of Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

A) Contributions

The University has chosen to use the deferral method of accounting for contributions, one preferred by the Canadian Association of University Business Officers (CAUBO). Under the deferral method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Restricted contributions are stipulations imposed that specify how resources must be used. External restrictions are imposed from outside the organization, usually by the contributor of the resources. Restrictions on contributions may only be externally imposed.

B) Revenue Recognition

Operating grants are recognized as revenue in the period received or receivable. Revenues received for tuition fees and sales of goods and services are recognized in the period in which the goods are received or the services rendered or substantially rendered.

Deferred contributions are externally restricted non-capital and non-endowment contributions which are deferred and are recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the acquisitions of capital assets having limited lives are recorded as deferred capital contributions in the period in which they are received. Amortization of deferred capital contributions is recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Endowment contributions are recorded as direct increases in net assets in the period in which they are received.

C) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments with original maturities of one year or less. Bank borrowings are considered to be financing activities.

D) Investments

Investments are recorded at cost. When there has been a loss in the value of a long term investment, that is other than a temporary decline, the investment is written down to recognize the loss.

E) Inventories

Bookstore and Printing inventories are valued at the lower of cost or net realizable value.

F) Capital Assets and Collections

Capital assets and collections purchased by the University are recorded at cost. Donated assets are recorded at estimated fair market value on the date received. Land, collections of rare books and works of art are not amortized. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and Additions	60 years
Lease Hold Improvements	Term of Lease
Library Acquisitions	10 years
Furnishings & Equipment	10 years
Major System Computer Software	10 years
Computer Equipment & Software	5 years
Vehicles	5 years

G) Pension Plan

The University contributes to The University of Winnipeg Pension Plan. The Plan is comprised of a defined benefit segment and a defined contribution segment.

The University of Winnipeg Pension Plan assets, liabilities and changes in net assets are reported in the Plan's financial statements. The assets of the Plan are held in trust by independent custodians and are not recorded in the accounts of the University. The Auditor General of Manitoba audits the Plan's financial statements.

Recorded in the University's statements is the actuarially determined cost of maintaining the Plan. The accumulated difference between this cost and the University's funding contribution is reflected in the University's financial statements as either an accrued benefit asset or liability. The corridor approach is used to record actuarial gains and losses for the pension plan. Under this approach, the annual actuarial gains and losses are aggregated and, if that amount exceeds 10% of the greater of plan assets or liabilities, the excess amount is amortized over the expected average remaining service life of the covered employees.

H) Employee Future Benefits

The University accounts for employee future benefits on a prospective basis. Under this method, the cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. Future plan obligations are discounted using current market interest rates.

I) Endowment Investment Income Capitalization

The University capitalizes investment income on endowment funds in excess of the amount required for annual distribution. The annual distribution of income is based on 5% of the 5 year rolling average market value of the endowment fund.

J) Financial Instruments

Financial instruments include receivables, investments, bank overdraft, payables and accrued liabilities and long-term debt.

a) Fair Value of Financial Instruments

The fair value of financial instruments are assumed to approximate carrying values, unless otherwise noted.

b) Credit Risk

The University is subject to credit risk through receivables. Receivables are with numerous organizations and individuals which reduces the concentration of credit risk. Reviews are made of the credit worthiness of accounts and reserves established as required.

c) Interest Rate and Foreign Exchange Risk

Interest rates, maturities and security affect the interest rate risk of the University's financial assets and liabilities.

The University is subject to foreign exchange risk because a portion of its financial instruments are denominated in foreign currencies.

The financial risk is the risk to the University's earnings that arises from fluctuations in interest rates and foreign exchange rates and the degree of volatility of these rates. The University does not use derivative instruments to reduce its exposure to interest rate and foreign exchange risk.

K) Use of Estimates

In preparing the University's consolidated financial statements, management is required to make estimates and assumptions that reflect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

L) Principles of Consolidation

The consolidated financial statements of the University include the accounts of the University of Winnipeg Education Housing Corporation (UWEHC), a wholly owned entity. UWEHC secures and provides affordable residential accommodation for the benefit of persons enrolled at The University of Winnipeg. The University of Winnipeg Foundation, a controlled entity, is not consolidated in these financial statements.

3. Cash and Short Term Investments

Cash and short term investments consist of current operating and trust funds:

	March 31, 2004			March 31, 2003
	Cash $000	Short Term Investments $000	Total $000	Total $000
Operating Funds	$483	$6,670	$7,153	$4,825
Sponsored Research & Designated Funds	236	2,024	2,260	2,221
	719	8,694	9,413	7,046
Trust Fund	1,153	1,396	2,549	3,266
	$1,872	$10,090	$11,962	$10,312

Cash and short term investments are comprised of:

Cash	$1,872	$2,135
Provincial Instruments	8,090	4,273
Bankers Instruments	2,000	2,904
Government of Canada Treasury Bills	0	1,000
	$11,962	$10,312

4. Accounts Receivable

The major components of Accounts Receivable are:

	2004 $000	2003 $000
Province of Manitoba Grant – Collegiate	$428	$366
Research Receivable	231	316
Investment Income Receivable – Operating	174	182
Investment Income Receivable - Trust & Endowment	74	129
Student Fees	389	482
Menno Simons College	12	213
Donations Receivable	100	175
COPSE Grant Receivable	17	491
CRA - GST Net Rebates Receivable	333	198
University of Winnipeg Foundation – Capital Fund	413	0
Other Receivables	505	822
	$2,676	$3,374

5. Investment for Campus Development

The Investment for Campus Development, which was a contribution in March 2001 by the Provincial Government for planned future development, was transferred to the University of Winnipeg Foundation effective April 1, 2003.

6. Long Term Investments

Long term investments are comprised of endowment funds:

	March 31, 2004		March 31, 2003	
	Fair Value $000	Cost $000	Fair Value $000	Cost $000
Mennonite Studies				
Bonds and Debentures				
Government of Canada	$614	$600	$655	$600
Pooled Funds				
Bonds and Debentures	8,132	8,001	5,890	5,909
Canadian Equities	5,570	4,361	4,148	4,121
U.S. & International Equities	6,370	5,287	4,625	4,587
Cash & Short Term	1,336	1,336	947	947
Property & Investment Shares	50	50	50	50
	21,458	19,035	15,660	15,614
	$22,072	$19,635	$16,315	$16,214

Fair value, as represented above, was derived from the market value of investments.

7. Capital Assets

	Cost $000	2004 Accumulated Amortization $000	Net Book Value $000	2003 Net Book Value $000
Land	$2,011	$0	$2,011	$1,746
Buildings, Additions and Improvements	48,344	15,907	32,437	33,255
Library Acquisitions	11,127	9,380	1,747	1,734
Furnishings and Equipment	22,118	17,374	4,744	5,206
Collections	1,147	0	1,147	1,101
Assets Under Construction	1,348	0	1,348	0
	$86,095	$42,661	$43,434	$43,042

Collections include Art Work & Rare Books recorded at fair value derived by independent appraisal at the time of acquisition or donation. The insured value of capital assets is $301.3 million (2003 - $288.6 million).

8. Deferred Contributions

Deferred contributions represent contributions received for special purposes such as Sponsored Research & Designated Funds and Special Purpose Trust consisting of scholarships, library acquisitions and lecture funds.

	2004 $000	2003 $000
Balance, Beginning of Year	$5,326	$4,537
Contributions Received	4,988	4,702
Contributions Expended	(5,028)	(3,599)
Transferred to Endowment	(686)	(314)
Balance, End of Year	$4,600	$5,326
Balance Consists of:		
Sponsored Research & Designated Funds	$2,355	$2,626
Special Purpose Trust	2,245	2,700
	$4,600	$5,326

9. Unfunded Staff Benefits

The balance of unfunded staff benefits includes:

	2004 $000	2003 $000
Accrued Vacation Pay	$1,117	$993
Early Retirement Payable - Current Portion	3	6
Supplementary Pension Payable - Current Portion	80	80
	$1,200	$1,079

10. Bank Indebtedness

The University has an operating line of credit with a bank in the amount of $750,000 that is unsecured and bears interest at prime. The line of credit was not utilized at March 31, 2004 or March 31, 2003.

11. Long Term Liabilities

	2004 $000	2003 $000
Early Retirement Payable	$1	$4
Mortgage Payable	258	283
UWEHC Mortgages Payable	633	653
Supplementary Pensions Payable	520	602
	$1,412	$1,542

The mortgage payable is for Graham Hall and is payable to Canada Mortgage and Housing at 5 3/8% due April 2, 2012. The Council on Post-Secondary Education annual operating grant provides for the $40,054 annual mortgage payment.

UWEHC mortgages payable are for Balmoral Street and Spence Street properties and are payable to the Assiniboine Credit Union. The mortgage payable on the Balmoral Street properties is due August 30, 2006 and has an interest rate of 6.61%. It is repayable at $2,715 per month including principal and interest. The four individual mortgages payable on the Spence Street properties are due April 1, 2007 and have an interest rate of 6.75%. They are repayable at $2,521 per month including principal and interest.

Principal payments on the mortgages during the next five years are:
2005 - $45,015; 2006 - $47,751; 2007 - $353,060; 2008 - $316,208; 2009 - $31,137.

12. Deferred Capital Contributions

Deferred capital contributions represent the unexpended and unamortized external contributions for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations.

	2004 $000	2003 $000
Balance, Beginning of Year	$45,773	$45,869
Contributions Received	2,304	1,119
Capital Asset Disposal	0	(104)
Mortgage Principal Contributions	25	23
Transfer to Revenue – Amortization	(1,170)	(1,134)
Transfer Campus Development Fund to University of Winnipeg Foundation	(14,657)	0
Balance, End of Year	$32,275	$45,773

13. Internally Restricted Net Assets

Internally restricted net assets balance at March 31, 2004 is $1,825,000 (2003 - $292,000). It consists of cumulative net unrestricted trust income of $425,000 and strategic provisions of $1,400,000.

The cumulative net unrestricted trust income of $425,000 is available to fund Board of Regents scholarships.

The strategic provisions represents an appropriation from unrestricted net assets to internally restricted assets. This transfer is made to provide for future funding support of initiatives within the Strategic Plan and the Academic Plan. Actual expenditures will be authorized in accordance with appropriate policy.

The strategic provisions provide for:

	$000	$000
Fiscal Stabilization		$200
Infrastructure		
Deferred Maintenance	$100	
Bookstore Point of Sale System	130	
Academic Equipment	170	400
Strategic Development		
Internal Research Grants	75	
Library Endowment	150	
Support to Academic Initiatives	100	
Technology Systems	200	
Project Development	275	800
		$1,400

14. Net Assets Restricted for Endowment Purposes

Endowments consist of externally and internally restricted contributions where the principal donation, as well as internal allocations by the Board of Regents, is required to be maintained in perpetuity. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Regents. The economic value of the endowments is protected by limiting the amount of investment income that may be spent to 5% of the 5 year rolling market average of the principal donation. Investment income earned in excess of this amount is added to the internally restricted endowment principal. Investment income earned that is insufficient to meet current endowment spending is supplemented from previously endowed earnings related to internally restricted endowments.

During 2003-04, the investment income required to meet current endowment spending was supplemented from the previously endowed earnings related to internally restricted endowments in the amount of $49,750 (2003 - $338,210).

March 31, 2004			March 31, 2003		
Externally Restricted $000	**Internally Restricted $000**	**Total $000**	**Externally Restricted $000**	**Internally Restricted $000**	**Total $000**
$14,262	$4,982	$19,244	$12,266	$4,623	$16,889

15. University of Winnipeg Pension Plan

The University of Winnipeg Pension Plan was established as a contributory defined benefit pension plan at September 1, 1972. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914). A Pension Committee oversees the administration of the Plan, monitors investments and makes policy recommendations to the Board of Regents of the University. A trust company holds the assets under a trust agreement and provides daily administration of the Pension Plan. Professional investment managers administer the portfolio.

The Plan covers all eligible employees of the University of Winnipeg, except those who are members of the United Church of Canada Pension Plan. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join on their date of employment but must join on their first anniversary date of employment.

At December 31, 2003 the fair value of the Plan's net assets was $108,209,554 (2002 - $97,686,996). Under the Plan, contributions are made by Plan members and matched by the University of Winnipeg. A member who receives benefits from the long term disability plan of the University is not required to contribute to the Plan. The annual pension payable to a defined benefit member on retirement is based on the member's final average earnings and years of credited service.

Based on a Board of Regent's resolution of December 4, 2000 and implemented by amendment #2001/1 to the Pension Plan, Plan members at December 31, 2000, who were less than age 55 at December 31, 1999, could elect to either remain in the existing contributory defined benefit pension plan or alternatively, convert their accrued benefits at December 31, 1999 to a defined contribution equivalent. This resulted in their future benefits being determined on a defined contribution basis. Approximately one-quarter of the eligible members converted to the defined contribution plan. Employees at December 31, 2000 who were not members of the Plan at that date had the ability to elect to have their future benefits determined on a defined benefit or a defined contribution basis. Employees hired after December 31, 2000 will have their future benefits determined on a defined contribution basis.

The amendment also provided for an initial surplus distribution to the members who stayed in the defined benefit segment, a full surplus distribution for those who transferred to the defined contribution segment and a mechanism to allow the University to use its share of the surplus to fund its contributions. The Board resolution also provided for the members share of the remaining surplus to be used to enhance benefits and for the establishment of a Board of Trustees to operate the Plan at arm's length from the University - these to be implemented later.

The University contributions to the Pension Plan from April 1, 2000 to March 31, 2002 were funded out of its share of the surplus in the defined benefit segment of the Pension Plan. The University resumed its contributions to the Pension Plan effective April 1, 2002.

In April 2003, the University and the stakeholders who represented the members of the defined benefit segment of the Pension Plan agreed to modify the provisions of both the Plan Amendment #2001/1 and the December 4, 2000 Board Resolution as described in Note 20.

Effective April 1, 2002, the University adopted the new accounting standard, Section 3461, of the Canadian Institute of Chartered Accountants concerning employee future benefits which includes pension, other retirement, and post-employment benefits other than pensions. The new standard moves the accounting for pension benefits to an accrual basis from the cash accounting basis previously used, and with respect to pensions, requires the use of a prescribed market rate to measure the accrued pension benefit obligation. Consistent with Section 3461, the University has exercised a three-month accelerated measurement date for financial reporting purposes. Information about the University's benefit plans is as follows:

Defined Contribution Obligation

The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

During 2001, Clarica Life Insurance Company (Clarica) was appointed administrator, custodian and investment manager of the defined contribution segment of the Plan and a transfer was made to Clarica of $6,654,632 in November, 2001. This amount consisted of:

i) the opening balance for each member of the defined contribution segment of the Plan as at January 1, 2000 as shown in a report on the partial conversion of the Plan from defined benefit to defined contribution, prepared by Eckler Partners Ltd. and filed with the Pension Commission of Manitoba in September, 2001;

ii) contributions made by the members since January 1, 2000 plus a matching amount of University contributions plus interest at the net rate earned by the fund during the period.

The defined contribution segment of the Pension Plan consists of:

	December 31 2003 $000	December 31 2002 $000
Balance, Beginning of Year	$7,338	$7,077
Contributions	1,201	1,103
Benefit Payments	(427)	(208)
Net Investment Return	1,003	(634)
Balance, End of Year	$9,115	$7,338

Defined Benefit Obligation

In accordance with the Pension Benefits Act, an actuarial valuation of the defined benefit segment of the Plan is required at least every 3 years. An actuarial valuation of the University of Winnipeg Pension Plan was prepared effective December 31, 2001 by Eckler Partners Ltd., a firm of consulting actuaries, the results of which were extrapolated by them to December 31, 2003.

The benefit obligation has been calculated pursuant to CICA Handbook 3461 using a prescribed market rate. This approach differs from the calculation of the benefit obligation in the Pension Plan Financial Statements which use an expected long term rate of return.

The financial information is based on financial position of the Defined Benefit Pension Plan as of December 31, 2003 and updated with employer contributions to the Pension Plan during the three-month period ending March 31, 2004.

Change in Defined Benefit Obligation

	2003 $000	2002 $000
Benefit Obligation, January 1	$95,788	$94,174
Current Service Cost, Net of Employee Contributions	2,272	2,340
Interest Cost	5,919	5,817
Benefits and Refunds Paid	(4,438)	(4,543)
Actuarial Loss (Gain)	2,678	(2,000)
Benefit Obligation, December 31	$102,219	$95,788

Change in Plan Assets

	2003 $000	2002 $000
Fair Value of Plan Assets, January 1	$90,349	$100,098
Actual Return on Plan Assets, Net of Expense	11,076	(6,985)
Employer Contributions	1,120	757
Employee Contributions	988	1,022
Benefits and Refunds Paid	(4,438)	(4,543)
Fair Value of Plan Assets, December 31	$99,095	$90,349

Reconciliation of Funded Status

	2003 $000	2002 $000
Funded Status - Surplus (Deficit)	($3,124)	($5,439)
Employer Contributions After December 31	292	248
Unamortized Transitional Asset	(5,012)	(5,468)
Unamortized Net Actuarial Loss	8,210	11,155
Accrued Benefit Asset, Before Valuation Allowance	366	496
Valuation Allowance	(366)	(496)
Accrued Benefit Asset, Net of Valuation Allowance	$ 0	$ 0

Components of Pension Expense

	2003 $000	2002 $000
Current Service Cost-Employer	$1,284	$1,318
Interest Cost	5,919	5,817
Expected Return on Plan Assets	(5,574)	(6,170)
Amortization of Transitional Asset	(456)	(456)
Amortization of Actuarial Loss	121	0
Increase (Decrease) in Valuation Allowance	(130)	496
Net Pension Expense	$1,164	$1,005

Significant actuarial assumptions used in the determination of the defined benefit obligation and pension expense were:

Rate of return on investments	- pre-retirement	6.5%
	- post-retirement	6%
Rate of salary increase	- first year	2%
	- thereafter	5%

In the event that the actuarial valuation of the Plan determines that the Plan is not fully funded, the University is responsible for providing adequate funding levels in accordance with the Pension Benefits Act of Manitoba.

16. Segmented Operations

Included in the excess of income over expenses in the Statement of Operations is:

	2004			2003		
	Revenue $000	Expense $000	Surplus (Deficit) $000	Revenue $000	Expense $000	Surplus (Deficit) $000
Collegiate	$3,099	$3,314	($ 215)	$2,760	$3,149	($ 389)
Continuing Education	$4,349	$4,461	($ 112)	$4,037	$4,196	($ 159)
Campus Operations	$4,775	$4,714	$ 61	$4,641	$4,574	$ 67

17. Commitments

The University has lease obligations that cover equipment and building space integral to the University's operations. The lease obligations expire at various dates up to and including August 31, 2012. These lease contracts require annual payments over the next 5 years and in aggregate as follows:

	$000
2004/05	$1,903
2005/06	1,167
2006/07	700
2007/08	600
2008/09	587
Thereafter	1,419
	$6,376

18. The University of Winnipeg Foundation

The University's Board of Regents approved the establishment of the University of Winnipeg Foundation in March 2003.

The establishment of the Foundation is based upon mutually binding agreements between the University and the Foundation that provide for the administration of the specified fund, the basis of operation and the relationship between the University and the Foundation, and the provision of support services by the University to the Foundation.

The agreements with The University of Winnipeg Foundation are as follows:

a) Occupancy and Support Agreement

This Agreement documents the basis upon which the Foundation occupies space in Wesley Hall and elsewhere on Campus and the Foundation's use of certain existing systems, programs and personnel of the University. The Foundation has agreed to pay the University a fee of $3,750 per month for occupancy and support services. The Agreement is effective for an initial term ending March 31, 2004 with an option for automatic renewal for a subsequent 5 year term thereafter.

b) Specified Fund Agreement

This Agreement provides for the transfer of the $14,000,000 Government of Manitoba capital contribution from the University to the Foundation. The Agreement contemplates the disbursement of $14,000,000 to the University on a scheduled basis, which coincides with proposed capital projects under the Campus Development Plan, including Wesley Hall. The Foundation is entitled to retain any interest/appreciation in capital achieved during the time the Foundation holds the funds.

c) Coordination, Cooperation and Funding Agreement

The University and the Foundation have jointly agreed that all future fund raising activities directed to the general public shall generally be conducted by the Foundation. However, certain fund raising activities, such as the Wesmen Booster Club and direct gifts to libraries, will continue on an agency basis through the University of Winnipeg.

The Agreement also provides for the transfer of existing Endowment funds from the University to the Foundation, with an effective date of April 1, 2004.

The Foundation's vision is to strengthen, deepen and advance the University's mission through the creation of a long-term income stream.

The financial information of the Foundation is not consolidated in the University's financial statements and is provided within this note and note 21 on Related Party Transactions.

The Foundation is a controlled entity of The University of Winnipeg based upon the following factors:

i) The University has representation on the Foundation's Board of Directors and has the authority to approve members at its discretion.
ii) The University has a significant economic interest in the Foundation which conducts its activities for the exclusive benefit of the University.
iii) The Foundation requires the University's consent to amend its by-laws.
iv) The objectives of the Foundation and the University have the common purpose to strengthen, deepen and advance the University's mission.

Financial Position:

The Foundation follows the restricted fund method of accounting for contributions. The Foundation maintains separate funds within its assets and follows the principles of fund accounting to record the day to day transactions.

The financial position of the Foundation at March 31, 2004 is summarized as follows:

	$000	$000
Statement of Financial Position:		
Total Assets		$14,239
Total Liabilities		$ 478
Fund Balances:		
Operating Fund	$ 446	
Investment in Capital Assets	27	
Restricted Fund	723	
Specified Fund	12,500	
Endowment Fund	65	
		$13,761

	$000
Statement of Operations	
Sources of Funds:	
Transfer from University of Winnipeg	$14,000
Accumulated Investment Fund	382
Investment Income	434
University of Winnipeg Support Funding	300
Annual Donations	2,443
	$17,559
Uses of Funds:	
Capital Programs	$ 1,500
Operations	720
Amounts Funded to the University of Winnipeg	1,578
	$ 3,798
Increase in Funds	$13,761

Restrictions are placed upon expenditures within Funds including:

i) The Operating Fund reflects the administrative and overhead costs of undertaking the Foundation's activities.

ii) The Annual Fund records the receipt of all donations, including endowed funds, received in the year (other than capital pledge payments).

iii) The Capital Fund is specifically intended to record the receipt of capital pledge payments and other donations restricted for capital purposes only.

iv) The Specified Fund consists of the Initial Funding of $14 Million transferred to the Foundation from The University of Winnipeg, pursuant to the "Specified Fund Agreement".

v) The Restricted Fund includes donations received for potential capital gifts, endowment gifts, and other restricted purposes not yet allocated (pending donor wishes).

vi) The Endowment Fund reports the receipt of funds established from gifts by donors, which are designated to remain under the Foundation's management in "perpetuity" for "endowment" purposes as designated by the donor.

Commitments:

The University has agreed to provide the Foundation with a $300,000 per annum operating grant that will be reduced by $30,000 per annum commencing in 2010-2011 and ending in 2019-2020 when the commitment will be fully utilized. Accordingly, the University is required to make annual payments over the next 5 years and in aggregate as follows:

	$000
2004/05	$300
2005/06	300
2006/07	300
2007/08	300
2008/09	300
Thereafter	1,650
	$3,150

19. Contingencies

The University of Winnipeg is named as a defendant in litigations where legal action has commenced or is anticipated. While the ultimate outcomes of these proceedings can not be predicted at this time, management and its legal counsel are of the opinion that, either the outcomes will not have a material effect on the financial position of the University, or the outcomes are not determinable. No provision has been made in the financial statements in respect of these claims, as of March 31, 2004.

20. Agreement Between the University and Pension Plan Stakeholders

In April 2003, the University and all Pension Plan stakeholders of the defined benefit segment of the Plan agreed to amend the provisions of Plan Amendment 2001/1, that was approved in the Board of Regents resolution of December 4, 2000.

Provisions of the agreement that have been implemented include:

i) All stakeholders and the University (Plan Sponsor) to forego any further implementation of the Board of Regent's resolution of December 4, 2000 amendment to the Pension Plan.

ii) Elimination of the contribution credit balance and the cessation of any further distribution of surplus arising from the original agreement.

iii) The sections of Plan Amendment 2001/1 that were implemented remain unchanged. This includes pension contribution holidays taken, partial distribution of surplus to employees remaining in the defined benefit segment of the Plan, creation of a defined contribution segment of the Plan and the related transfer of full surplus share to those members who elected to move from the defined benefit to the defined contribution segment of the Plan.

iv) Required University contributions to the defined benefit segment of the Plan will be modified as follows:

The University pays both employee and University required contributions in respect of defined benefit members who are in receipt of long-term disability benefits, effective April 1, 2003;

The University's required contributions for defined benefit members were increased to 6.5% of pensionable salary less 1.8% of Canada Pension Plan contributory earnings effective April 1, 2003.

v) The University made a special payment of $638,000 in April 2003 direct to pensioners and active members of the defined benefit segment of the Plan as part of the final agreement.

The provisions of the agreement that remain outstanding are;

i) Establishment of a Board of Trustees to oversee administration of the Pension Plan, subject to the filing of a Plan amendment and its approval by the Manitoba Pension Commission.

ii) The University's required contributions for defined benefit members will increase to 7% of pensionable salary less 1.8% of Canada Pension Plan contributory earnings effective April 1, 2004.

iii) The University will make an additional contribution of $600,000 into the defined benefit segment of the Pension Plan by no later than April 2004 or as soon thereafter as regulatory approval is secured.

The University has deferred implementation of the provisions that affect Plan funding, referred to above, until the text of the Plan amendment is finalized. It is the University's intent to file a Plan amendment with the Manitoba Pension Commission that will implement the Agreement in the current year.

21. Related Party Transactions

The University of Winnipeg Foundation (Foundation) is a controlled entity of The University of Winnipeg. During the year ending March 31, 2004, The University of Winnipeg (University) incurred transactions as follows:

		$000
From the University to the Foundation:		
i)	Operating grant	$ 300
ii)	Annual donations received by the University on behalf of the Foundation and transferring to the Foundation	$ 198
iii)	Transfer of the Campus Development Fund	$14,657
From the Foundation to the University:		
i)	Annual service fee	$ 45
ii)	Transfer of specified funds	$ 1,500
iii)	Transfer of annual donations to be endowed at the direction of donors.	$ 677
iv)	Transfer of annual donations	$ 905

22. Reclassification of Comparative Figures

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.